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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

**SECOND AMENDMENT ("SECOND AMENDMENT")
DATED AS OF AUGUST 31, 1986,
TO EQUIPMENT LEASE AGREEMENT
DATED AS OF NOVEMBER 1, 1977, AS AMENDED,
BETWEEN SCHULER INDUSTRIES, INC., AS LESSOR ("LESSOR"),
AND ITEL RAIL CORPORATION, SUCCESSOR IN INTEREST TO
ITEL CORPORATION, RAIL DIVISION,
AND TO SSI RAIL CORP., AS LESSEE ("LESSEE")**

R E C I T A L S

- A. Lessor and SSI Rail Corp. (predecessor in interest to Itel Corporation, Rail Division, and to Lessee) entered into an Equipment Lease Agreement dated as of November 1, 1977, pursuant to which fifty (50) boxcars described therein were delivered and accepted;
- B. Lessor and Itel Corporation entered into a Guaranty and Suretyship Agreement (the "Guaranty") dated as of November 1, 1977, wherein Itel Corporation guaranteed and became surety for the payment and all other performance of SSI Rail Corp. under the Equipment Lease Agreement;
- C. SSI Rail Corp. was merged into Itel Corporation on December 22, 1977 and, thereby, Itel Corporation became the sole obligor under the Equipment Lease Agreement and the Guaranty ceased to have any force or effect;
- D. An Amendment (the "First Amendment") to the Equipment Lease Agreement was made as of November 30, 1982;
- E. Itel Corporation was Debtor and Debtor in Possession in the case under Chapter 11 of the Bankruptcy Code known as In re Itel Corporation, Debtor, Case No. 3-81-00111, in the United States Bankruptcy Court, Northern District of California (the "Bankruptcy Court");
- F. The Bankruptcy Court approved Itel Corporation's Amended Plan of Reorganization (the "Amended Plan") which provided, among other things, that all the rights,

obligations and liabilities of the Rail Division of Itel Corporation were transferred to and assumed by Lessee, a wholly-owned subsidiary of Itel Corporation;

G. Pursuant to the Amended Plan and an order of the Bankruptcy Court, the Equipment Lease Agreement, as amended by the First Amendment, was assumed by Itel Corporation and assigned to Lessee, effective as of September 19, 1983;

H. Lessor and Lessee have agreed to further amend and supplement the Equipment Lease Agreement (as amended to date and as amended herein, the "Lease") upon the terms and conditions set forth herein;

NOW, WHEREFOR, in consideration of the premises and the mutual covenants hereinafter set forth, Lessor and Lessee hereby agree as follows:

1. All capitalized terms used herein, if not defined herein, shall have the meanings assigned to them in the Lease. All section or exhibit designations used herein shall refer to the respective section or exhibit in the Lease, unless otherwise stated herein.
2. (a) The first (non-numbered) paragraph of Section 3 of the Lease is deleted entirely. Numbered paragraphs 3 and 4 of Section 3 (which were added by the First Amendment) are deleted entirely.

(b) Numbered paragraph 3 in Section 3 shall be replaced with the following:

"The parties agree that there are fifty (50) Cars deemed to be subject to the Lease as of August 31, 1986. The quarterly rent for each Car subject to the Lease shall be 2.0631815% of the Purchase Price of such Car, plus the applicable Additional Rental (as defined below), both of which shall be paid each August 31, November 30, February 28 and May 31, commencing on August 31, 1986 and continuing through May 31, 1994.

(c) Section 4(B) of Schedule A shall be deleted in its entirety.

3. Section 3 of Schedule A shall be deleted in its entirety and replaced with the following:

"Term: From November 30, 1977 through and including May 31, 1994."

4. Schedule C is hereby deleted in its entirety and replaced with C-1, attached hereto and incorporated herein by reference. All references in the Lease to "Schedule C" shall be deemed to refer to "Schedule C-1".

SCHULER INDUSTRIES, INC.

ITEL RAIL CORPORATION

By James D. Hunt
Title President
Date October 9, 1986

By J. D. Hayes
Title PRESIDENT
Date OCTOBER 8, 1986

PROG:SHULAMRT
08-Oct-86

SCHULER CASUALTY SCHEDULE
SCHEDULE C-1

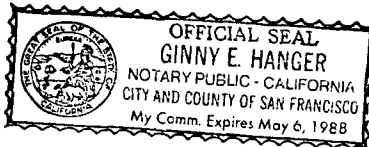
CASUALTY VALUE DUE
ON PAYMENT DATE

CASUALTY VALUE
AS A % OF PRICE

30-Nov-86	63.8013
28-Feb-87	62.4387
31-May-87	61.0366
31-Aug-87	59.5902
30-Nov-87	58.1172
29-Feb-88	56.6079
31-May-88	55.0618
31-Aug-88	53.4725
30-Nov-88	51.8610
28-Feb-89	50.2160
31-May-89	48.5372
31-Aug-89	46.8164
30-Nov-89	45.0781
28-Feb-90	43.3093
31-May-90	41.5098
31-Aug-90	39.6681
30-Nov-90	37.8103
28-Feb-91	35.9228
31-May-91	34.0052
31-Aug-91	32.0435
30-Nov-91	30.0639
29-Feb-92	28.0527
31-May-92	26.0095
31-Aug-92	23.9588
30-Nov-92	21.9663
28-Feb-93	20.0000
31-May-93	20.0000
31-Aug-93	20.0000
30-Nov-93	20.0000
28-Feb-94	20.0000
31-May-94	20.0000

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO) ss.

On the 8th day of October, 1986 before me personally came Desmond P. Hayes to me known, who, being by me duly sworn, did depose and say that he is the President of Itel Rail Corporation, one of the parties described in and which executed the above instrument; that the execution of the above instrument was duly authorized by the board of directors of Itel Rail Corporation; and that he signed his name thereto pursuant to like authority.



Ginny E. Hanger
Notary Public

STATE OF Alabama)
)
COUNTY OF Jefferson) ss.

On the 9th day of October, 1986 before me personally came Jerry D. Hart to me known, who, being by me duly sworn, did depose and say that he is the President of Schuler Industries, Inc., one of the parties described in and which executed the above instrument; that the execution of the above instrument was duly authorized by the board of directors of Schuler Industries, Inc.; and that he signed his name thereto pursuant to like authority.

Valene A. Goding
Notary Public

CERTIFICATE OF COMPARISON

STATE OF CALIFORNIA)
)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

I, Josie Villaflores, a Notary Public in and for the City and County of San Francisco, California, do hereby certify that I have compared the copy of the attached Second Amendment dated as of August 31, 1986, to the Equipment Lease Agreement dated as of November 1, 1977, as amended, between Schuler Industries, Inc., as Lessor, and Itel Rail Corporation, successor in interest to Itel Corporation, Rail Division, and to SSI Rail Corp., as Lessee, with the original document and that it is a true and correct copy in all respects.

Executed on the 10th day of October, 1986, in San Francisco, California.




Josie Villaflores
Notary Public